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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

September 8, 2022

Richard Ball  
Commissioner  
Department of Agriculture and Markets  
10B Airline Drive  
Albany, NY 12235

Re: Oversight of the Farm-to-School  
Program  
Report 2022-F-9

Dear Commissioner Ball:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by officials of the Department of Agriculture and Markets (Department) to implement the recommendations contained in our audit report, *Oversight of the Farm-to-School Program* (Report [2020-S-9](#)).

**Background, Scope, and Objective**

The mission of the Department is to promote the State's agriculture and its high-quality and diverse products; foster agricultural environmental stewardship; and safeguard the State's food supply, land, and livestock. New York's Farm-to-School Program (Program) was established to increase school districts' and individual schools' purchase of local specialty crops by developing existing strengths while building additional relationships between schools. The Program is intended to connect schools with local farms and food producers, strengthen local agriculture, improve student health, and promote regional food system awareness. By providing financial assistance to develop programs, schools should be better positioned to purchase food from State farms.

The Department, through its Business Development Unit, oversees the Program. In cooperation with the State Education Department, the Department facilitates and provides financial assistance to promote the purchase of State farm products by schools, universities, and other educational institutions (e.g., K-12 school authorities, charter schools, not-for-profit organizations, and tribal organizations). The Department competitively awards grant funding to schools for projects based on several factors including reasonableness of cost, project benefits, and plans of work. Each project is divided into objectives and tasks, each of which must be accompanied by one or more performance measures. The Department uses the performance measures to determine the success of each project. For example, recipients may use funds to hire farm-to-school coordinators whose responsibilities may include connecting local farms to their school. In such cases, the performance measure would be whether a coordinator was hired and their responsibilities were clearly established. The types of projects vary under the

Program but may be used by schools for Program coordinator salaries, consulting services for safety or food service, and a variety of equipment for food preparation (e.g., fruit and vegetable slicers) and storage (e.g., commercial refrigerators).

Each grant recipient enters into a contract with the Department for eligible projects, which align to the goals of the Program. The contract defines the terms, conditions, and recipient responsibilities. The Department also approves a work plan and budget for the project, which the recipient must follow. Recipients submit reimbursement requests for expenses and narrative reports (progress reports) on a quarterly basis. Recipients should submit these reports regardless of whether they have a quarterly reimbursement request or not. These reports summarize the services rendered during the quarter and should detail how the recipient has progressed toward attaining the goals listed in the contract's work plan. All goals and objectives of the project, discussion of problems encountered, and steps taken to resolve them should also be addressed in these reports.

From January 2015 to July 2022, the Department granted 90 Program awards totaling \$7.77 million to 57 different entities. During this period, the Department reimbursed recipients over \$2.8 million for Program expenses.

The objective of our initial audit report, issued April 19, 2021 and covering the period January 1, 2016 through October 20, 2020, was to determine if the Department was adequately overseeing the Program to ensure funds were used as intended and Program goals were achieved. The audit found the Department needs to improve monitoring of both Program expenditures and recipient performance to ensure recipients use funds as intended and achieve Program goals. We generally attributed these findings to a breakdown in monitoring functions as well as a lack of policies and procedures to guide staff on Program monitoring. We reviewed 21 (of 45) Program contracts totaling approximately \$2.27 million, of which \$1.71 million had been expended as of February 2020. We found about \$1.17 million (68%) in expenses for 17 contracts either lacked sufficient documentation to support expenses paid or were not authorized under the contract. Further, 19 of the 21 contracts we reviewed had missing, late, and/or incomplete quarterly progress reports.

The objective of our follow-up was to assess the extent of implementation, as of August 18, 2022, of the recommendations included in our initial audit report.

### **Summary Conclusions and Status of Audit Recommendations**

The Department has made significant progress in addressing the problems we identified in the initial audit report. Both recommendations were implemented.

### **Follow-Up Observations**

#### **Recommendation 1**

*Develop written policies and procedures to provide guidance on what documentation should be maintained for contract reimbursement and monitoring of contract terms and conditions.*

Status – Implemented

Agency Action –The Business Development Unit improved the process for evaluating and executing payments under the Program. This included the development of new forms and procedures to improve contract monitoring. Also, the Department provided staff with training to assist them in understanding and executing the new process.

## **Recommendation 2**

*Take appropriate action to investigate and recover, where applicable, the \$1,169,243 in unsupported, insufficiently supported, and unauthorized Program reimbursements.*

Status – Implemented

Agency Action – The Department has investigated the \$1,169,243 in unsupported, insufficiently supported, and unauthorized Program reimbursements identified in our initial audit report. For approximately \$810,000, the Department requested and received additional support from grant recipients, which satisfied officials that the reimbursements were appropriate. The Department also determined, after investigation, that approximately \$90,000 in expenses we identified did not need to be recovered because they were legitimate expenses under the contracts. The Department also recovered over \$5,000 and continues to investigate and request additional support for the approximately \$264,000 in remaining questionable Program reimbursements.

Major contributors to this report were Andre Spar, Joseph Bachinsky, and Norris Wilson.

We thank the management and staff of the Department for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Heather Pratt, CFE  
Audit Manager

cc: Shelly Taleporos, Director of Internal Audit